

COMMERCIAL LIABILITY GOLD ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SECTION I – COVERAGES

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

2. Exclusions

Item 2.g. 2) is replaced with the following:

- 2.g. 2) A watercraft you do not own that is:
- a) less than 50 feet long; and
 - b) Not being used to carry persons or property for a charge.

Item 2.g. 6) is added:

- 6) An aircraft in which you have no ownership interest and that you have chartered with crew.

The last paragraph of 2. Exclusions is replaced with the following:

Exclusions c. through n. do not apply to damage by fire, explosion, sprinkler leakage, or lightning to premises while rented to you, temporarily occupied by you with the permission of the owner, or managed by you under a written agreement with the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits of Insurance.

SECTION I – COVERAGES

COVERAGE C. MEDICAL PAYMENTS

If Medical Payments Coverage is provided under this policy, the following is changed:

3. Limits

The medical expense limit provided by this policy shall be the greater of:

- a. \$10,000; or
- b. The amount shown in the declarations.

Coverage C. Medical Payments is primary and not contributing with any other insurance, even if that other insurance is also primary.

The following is added:

COVERAGE D. PRODUCT RECALL NOTIFICATION EXPENSES

Insuring Agreement

We will pay "product recall notification expenses" incurred by you for the withdrawal of your products, provided that:

- a. Such withdrawal is required because of a determination by you during the policy period, that the use or consumption of your products could result in "bodily injury" or "property damage"; and
- b. The "product recall notification expenses" are incurred and reported to us during the policy period.

The most we will pay for "product recall notification expenses" during the policy period is \$100,000.

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SUPPLEMENTARY PAYMENTS – COVERAGES A AND B*Item b. and d. are replaced with:*

- b. The cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit" including actual loss of earnings up to \$500 a day because of time off from work.

SECTION II – WHO IS AN INSURED*Item 4. is replaced with:*

- 4. Any subsidiaries, companies, corporations, firms, or organizations you acquire or form during the policy period over which you maintain a controlling interest of greater than 50% of the stock or assets, will qualify as a Named Insured if:
 - a) you have the responsibility of placing insurance for such entity; and
 - b) coverage for the entity is not otherwise more specifically provided; and
 - c) the entity is incorporated or organized under the laws of the United States of America.

However, coverage under this provision does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the entity, or "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the entity.

Coverage under this provision is afforded only until the end of the policy period, or the twelve (12) month anniversary of the policy inception date whichever is earlier.

SECTION III – LIMITS OF INSURANCE*Paragraph 2 is amended to include:*

The General Aggregate Limit of Insurance applies separately to each "location" owned by you, rented to you, or occupied by you with the permission of the owner.

Paragraph 6. is replaced with the following:

- 6. Subject to 5. above, the Fire Damage Limit is the most we will pay under Coverage A for damages because of "property damage" to premises while rented to you, temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner, arising out of any one fire, explosion or sprinkler leakage incident.

The Fire Damage Limit provided by this policy shall be the greater of:

- a. \$500,000. or
- b. The amount shown in the Declarations.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS*Item 2. a. is replaced with:***2. Duties In The Event of Occurrence, Offense, Claim or Suit**

- a. You must promptly notify us. Your duty to promptly notify us is effective when any of your executive officers, partners, members, or legal representatives is aware of the "occurrence", offense, claim, or "suit". Knowledge of an "occurrence", offense, claim or "suit" by other employee(s) does not imply you also have such knowledge. To the extent possible, notice to us should include:
 - 1) How, when and where the "occurrence" or offense took place;
 - 2) The names and addresses of any injured persons and witnesses; and
 - 3) The nature and location of any injury or damage arising out of the "occurrence", offense, claim or "suit".

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Item 4. b. 1) b) is replaced with:

b. Excess Insurance

- 1)b) That is Fire, Explosion or Sprinkler Leakage insurance for premises while rented to you, temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner; or

Item 6. Is amended to include:

6. Representations

- d. If you unintentionally fail to disclose any hazards existing at the inception date of your policy, we will not deny coverage under this Coverage Part because of such failure. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

Item 8. is replaced with:

8. Transfer of Rights Of Recovery Against Others To Us

- a. If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring suit or transfer those rights to us and help us enforce them.
- b. If required by a written "insured contract", we waive any right of recovery we may have against any person or organization because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under that written "insured contract" for that person or organization and included in the "products-completed operations hazard".

Item 10. and Item 11. are added:

10. Cancellation Condition

If we cancel this policy for any reason other than nonpayment of premium we will mail or deliver written notice of cancellation to the first Named Insured at least 60 days prior to the effective date of cancellation.

11. Liberalization

If we adopt a change in our forms or rules which would broaden your coverage without an extra charge, the broader coverage will apply to this policy. This extension is effective upon the approval of such broader coverage in your state.

SECTION V – DEFINITIONS

The following definitions are added or changed:

9. "Insured contract"

a. Is changed to:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, explosion or sprinkler leakage to premises while rented to you, or temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner is not an "insured contract".

23 and 24 are added:

23. "Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.
24. "Product recall notification expenses" means the reasonable additional expenses (including, but not limited to, cost of correspondence, newspaper and magazine advertising, radio or television announcements and transportation cost), necessarily incurred in arranging for the return of products, but excluding costs of the replacement products and the cash value of the damaged products.

The following Provisions are also added to this Coverage Part:

A. ADDITIONAL INSURED – BY CONTRACT, AGREEMENT OR PERMIT

1. Paragraph 2. under **SECTION II – WHO IS AN INSURED** is amended to include as an insured any person or organization when you and such person or organization have agreed in writing in a contract, agreement or permit that such person or organization be added as an additional insured on your policy to provide insurance such as is afforded under this Coverage Part. Such person or organization is not entitled to any notices that we are required to send to the Named Insured and is an additional insured only with respect to liability arising out of:

- a. Your ongoing operations performed for that person or organization; or
- b. Premises or facilities owned or used by you.

With respect to provision 1.a. above, a person's or organization's status as an insured under this endorsement ends when your operations for that person or organization are completed.

With respect to provision 1.b. above, a person's or organization's status as an insured under this endorsement ends when their contract or agreement with you for such premises or facilities ends.

2. This endorsement provision A. does not apply:
 - a. Unless the written contract or agreement has been executed, or permit has been issued, prior to the "bodily injury", "property damage" or "personal and advertising injury";
 - b. To "bodily injury" or "property damage" occurring after:
 - (1) All work, including materials, parts or equipment furnished in connection with such work, in the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the site of the covered operations has been completed; or
 - (2) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project;
 - c. To the rendering of or failure to render any professional services including, but not limited to, any professional architectural, engineering or surveying services such as:
 - (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
 - (2) Supervisory, inspection, architectural or engineering activities;
 - d. To "bodily injury", "property damage" or "personal and advertising injury" arising out of any act, error or omission that results from the additional insured's sole negligence or wrongdoing;
 - e. To any person or organization included as an insured under provision B. of this endorsement;
 - f. To any person or organization included as an insured by a separate additional insured endorsement issued by us and made a part of this policy.

B. ADDITIONAL INSURED – VENDORS

Paragraph 2. under **SECTION II – WHO IS AN INSURED** is amended to include as an insured any person or organization (referred to below as "vendor") with whom you agreed, in a written contract or agreement to provide insurance such as is afforded under this policy, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

1. The insurance afforded the vendor does not apply to:
 - a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
 - b. Any express warranty unauthorized by you;
 - c. Any physical or chemical change in the product made intentionally by the vendor;

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- d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
 - e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the course of business, in connection with the distribution or sale of the products;
 - f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
 - g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
 - h. To "bodily injury" or "property damage" arising out of any act, error or omission that results from the additional insured's sole negligence or wrongdoing.
2. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – SILICA

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. The following is added to paragraph 2. Exclusions of COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY under SECTION I – COVERAGES:**

This insurance does not apply to:

Silica

- (1) "Bodily Injury" arising, or allegedly arising, in whole or in part, from the inhalation, ingestion, absorption of or exposure to silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise.

C00156

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
(Broad Form)

This endorsement modifies Insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

C00158

Policy Number: CBP9772033		Prior Policy: 9772033
Coverage Is Provided In The PEERLESS INSURANCE COMPANY - A STOCK COMPANY		
Billing Type: DIRECT BILL - MONTHLY		
Named Insured and Mailing Address: SHAW MORTGAGE CORPORATION (DBA) THE NATURAL TOUCH 9050 KENAMAR DRIVE SAN DIEGO CA 92121 REFER TO NAMED INSURED SCHEDULE		Agent: WATERIDGE INSURANCE SERVICES 10717 SORRENTO VALLEY RD SAN DIEGO CA 92121 Agent Code: 4292657 Agent Phone: (858)-452-2200

Policy Declarations, Forms and Endorsements

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**Golden Eagle
InsuranceTM**

Member of Liberty Mutual Group

RENEWAL

ning a part of

Policy Number: CBP 9772033

Coverage Is Provided In PEERLESS INSURANCE COMPANY - A STOCK COMPANY

Named Insured:

 SHAW MORTGAGE CORPORATION
 (DBA) THE NATURAL TOUCH
 REFER TO NAMED INSURED SCHEDULE

Agent:

WATERIDGE INSURANCE SERVICES

Agent Code: 4292657

Agent Phone: (858)-452-2200

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

DESCRIPTION OF PREMISES

Prem. No.	Bldg. No.	Location Occupancy, Construction/Fire Protection
1	1	9050 KENAMAR DRIVE #501 & #502 SAN DIEGO CA 92121 MERCANTILE-n/OTHERWISE CLASSIF JOISTED MASONRY
2	1	1465 ENCINITAS BLVD SUITE A ENCINITAS CA 92024 MERCANTILE-n/OTHERWISE CLASSIF JOISTED MASONRY
3	1	9040 KENAMAR DRIVE #403 SAN DIEGO CA 92121 WAREHOUSE-PRIVATE-FP JOISTED MASONRY
4	1	9755 DISTRIBUTION AVENUE SAN DIEGO CA 92121 WAREHOUSE-PRIVATE-FP JOISTED MASONRY

COVERAGES PROVIDED:

Insurance at the described premises applies only for coverages for which a limit of insurance is shown or for which an entry is made. (The Coinsurance column reflects Coinsurance %, Extra Expense %, Limits on Loss Payment or Value Reporting Symbol.)

No.	Bldg. No.	Coverage	Limit of Insurance	Causes of Loss Form	Coinsurance
1	1	YOUR BUSINESS PERSONAL PROPERTY	\$ 525,000	SPECIAL	90%

21-7 (07/03)

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COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS (continued)**COVERAGES PROVIDED:**

Insurance at the described premises applies only for coverages for which a limit of insurance is shown or for which an entry made. (The Coinsurance column reflects Coinsurance %, Extra Expense %, Limits on Loss Payment or Value Reporting Symbol.)

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Causes of Loss Form	Coinsurance
1	1	BUSINESS INCOME AND EXTRA EXPENSE INCLUDING "RENTAL VALUE"	ALS	SPECIAL	N/ A
2	1	YOUR BUSINESS PERSONAL PROPERTY	\$ 105,000	SPECIAL	90
2	1	BUSINESS INCOME AND EXTRA EXPENSE INCLUDING "RENTAL VALUE"	ALS	SPECIAL	N/ A
3	1	YOUR BUSINESS PERSONAL PROPERTY	\$ 52,500	SPECIAL	90
4	1	YOUR BUSINESS PERSONAL PROPERTY	\$ 157,500	SPECIAL	90
4	1	BUSINESS INCOME AND EXTRA EXPENSE INCLUDING "RENTAL VALUE"	ALS	SPECIAL	N/ A

OPTIONAL COVERAGES:

Prem. No.	Bldg. No.	Coverage	Agreed Value Amount Expiration Date	Replacement Cost	Inflation Guard
1	1	YOUR BUSINESS PERSONAL PROPERTY		INCLUDED *	
2	1	YOUR BUSINESS PERSONAL PROPERTY		INCLUDED *	
3	1	YOUR BUSINESS PERSONAL PROPERTY		INCLUDED *	
4	1	YOUR BUSINESS PERSONAL PROPERTY		INCLUDED *	

Replacement cost for Your Business Personal Property also applies to Stock if an asterisk (*) is present.

DEDUCTIBLE: \$ 5,000

MORTGAGE HOLDERS: NONE

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy:

Form Number	Description
21-30 - 0703	BUSINESS INCOME COVERAGE-ACTUAL LOSS SUSTAINED
CP0010 - 0402	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP0030 - 0402	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CP0090 - 0788	COMMERCIAL PROPERTY CONDITIONS
CP1030 - 0402	CAUSES OF LOSS - SPECIAL FORM
CP1211 - 1000	BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS
GECP0121 - 0102	CALIFORNIA STANDARD FIRE POLICY PROVISIONS
GECP700 - 1004	EQUIPMENT BREAKDOWN ENDORSEMENT
GECP904 - 1104	RETAIL PLATINUM
IL0940 - 0102	EXCLUSION OF WAR, MILITARY ACTION AND TERRORISM

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Date Issued: 09/08/2005

Policy Number: CBP 9772033

Coverage Is Provided In PEERLESS INSURANCE COMPANY - A STOCK COMPANY

Named Insured:

SHAW MORTGAGE CORPORATION
(DBA) THE NATURAL TOUCH
REFER TO NAMED INSURED SCHEDULE

Agent:

WATERIDGE INSURANCE SERVICES

Agent Code: 4292657

Agent Phone: (858)-452-2200

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART**A. The following is added to the Commercial Property Conditions:****BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS**

1. As a condition of this insurance, you are required to maintain the protective devices and/or services listed in the Schedule above.
2. The protective safeguard(s) to which this endorsement applies are identified by the following symbols:
 - a. "BR-1" Automatic Burglary Alarm, protecting the entire building, that signals to:
 - (1) An outside central station; or
 - (2) A police station.
 - b. "BR-2" Automatic Burglary Alarm, protecting the entire building, that has a loud sounding gong or siren on the outside of the building.
 - c. "BR-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.
 - d. "BR-4" The protective safeguard described in the Schedule.

B. The following is added to the Exclusions section of the Causes Of Loss – Special Form:**BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS**

We will not pay for loss or damage caused by or resulting from theft if, prior to the theft, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

SCHEDULE*

Premises No.	Building No.	Protective Safeguards Symbols Applicable
001	001	BR-1
001	001	BR-1
002	001	BR-1
002	001	BR-1

003

001

BR-1

004

001

BR-1

004

001

BR-1

Describe any "BR-4":

CENTRAL STATION ALARM

CENTRAL STATION ALARM

*Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A. The following is added as an Additional Coverage to the Causes of Loss – Basic Form, Broad Form or Special Form.

Additional Coverage – Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited in this endorsement.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident". As used in this Additional Coverage, "accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:

- a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- b. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
- c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment;
- e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment; or
- f. Bursting, cracking or splitting.

2. The following coverages also apply to the direct result of an "accident". These coverages do not provide additional amounts of insurance.

- a. Expediting Expenses

With respect to your damaged Covered Property, we will pay up to \$100,000, the reasonable extra cost to:

- (1) make temporary repairs; and
- (2) expedite permanent repairs or permanent replacement.

- b. Hazardous Substances

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in 2.c.(1)(b) below.

As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000.

- c. Spoilage

- (1) We will pay:

- (a) for physical damage to "perishable goods" due to spoilage;

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- (b) for physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
- (c) any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

The most we will pay for loss, damage or expense under this coverage is \$100,000.

d. Computer Equipment

We will pay for loss, damage or expense caused by or resulting from an "accident" to "computer equipment".

e. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost "data".

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000.

f. Service Interruption

(1) Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by an "accident" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.

(2) Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident".

(3) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Spoilage.

g. Business Income and Extra Expense

Any insurance provided under this coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. The most we will pay for loss of Business Income you sustain or necessary Extra Expense you incur is the limit shown in the Declarations for that coverage.

3. EXCLUSIONS

All exclusions in the Causes of Loss form apply except as modified below and to the extent that coverage is specifically provided by this Additional Coverage Equipment Breakdown.

a. The exclusions are modified as follows:

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(1) If the Causes of Loss – Basic Form or Causes of Loss – Broad Form applies, the following is added to Exclusion B.2.:

Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. But if an "accident" results, we will pay for the resulting loss, damage or expense.

(2) The following is added to Exclusion B.1.g.:

However, if electrical "covered equipment" requires drying out because of Water as described in g.(1) through g.(3) above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.

- (3) If the Causes of Loss – Special Form applies, as respects this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an "accident", we will pay for the loss, damage or expense caused by that "accident".

- b. We will not pay under this endorsement for loss, damage or expense caused by or resulting from:
- (1) your failure to use all reasonable means to protect Covered Property from damage following an "accident";
 - (2) any defect, programming error, programming limitation, computer virus, malicious code, loss of "data", loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind. But if an "accident" results, we will pay for the resulting loss, damage or expense; or
 - (3) any of the following tests:
 - a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.
- c. With respect to Service Interruption coverage, we will also not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in A.1.c. above); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.
- d. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:
- (1) loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business; or
 - (2) any increase in loss resulting from an agreement between you and your customer or supplier.
- e. We will not pay under this endorsement for any loss or damage to animals.

4. DEFINITIONS

The following definitions are added:

- a. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including "media" and peripherals used in conjunction with such equipment.
- b. "Covered equipment"
 - (1) "Covered equipment" means Covered Property:
 - (a) that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
 - (b) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
 - (2) None of the following is "covered equipment":
 - (a) structure, foundation, cabinet, compartment or air supported structure or building;
 - (b) insulating or refractory material;
 - (c) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
 - (d) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (e) "vehicle" or any equipment mounted on a "vehicle";
 - (f) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (g) dragline, excavation or construction equipment;

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- (h) equipment manufactured by you for sale; or
- (i) "data"
- c. "Data" means information or instructions stored in digital code capable of being processed by machinery.
- d. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- e. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
- f. "One accident" means: If an initial "accident" causes other "accidents", all will be considered "one accident". All "accidents" that are the result of the same event will be considered "one accident".
- g. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- h. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle".

B. The Building and Personal Property Coverage Form is modified as follows.

The definitions stated above also apply to section B. of this endorsement.

CONDITIONS

The following conditions are in addition to the Conditions in the Building and Personal Property Coverage Form and the Common Policy Conditions.

1. Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment". This can be done by mailing or delivering a written notice of suspension to:

- a. your last known address; or
- b. the address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment". If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

2. Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

3. Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident", we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality subject to any applicable limits. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies. This condition only applies to Property Damage coverage.

The most we will pay for loss, damage or expense under this endorsement arising from any "one accident" is the applicable Limit of Insurance in the Declarations. Coverage provided under this endorsement does not provide an additional amount of insurance.

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RETAIL PLATINUM ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

I. Applicable to:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Section A. COVERAGE

1. Covered Property

The limitation of 100 feet is increased to 1000 feet in the following paragraphs:

- a. 1.a. Building (5) (b)
- b. 1.b. Your Business Personal Property
- c. 1.c. Personal Property of Others (2)

1.a. Building is amended to include:

- 6) Bridges, roadways, patios or other paved surfaces;
- 7) Retaining walls which are not part of the building;
- 8) Fences.

Items 6 and 7 listed above are deleted from paragraph 2, Property Not Covered.

Changes to:

4. Additional Coverages

a. Debris Removal

The additional Debris Removal expense is increased from \$10,000 to \$50,000 for each location in any one occurrence under the paragraph 4.a.(4) Debris Removal.

b. Preservation of Property

The 30 day limitation in paragraph 4.b.(2) Preservation Of Property is increased to 60 days.

c. Fire Department Service Charge

The \$1,000 limit is increased to \$5,000.

(This coverage is not available in Arizona.)

d. Pollutant Clean Up and Removal

The most we will pay under this Additional Coverage for each described premises limit is increased from \$10,000 to \$25,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

e. Increased Cost Of Construction is amended as follows:

- 6) The most we will pay under the Additional Coverage in Paragraph (2), for each described building insured under this Coverage Form, is \$100,000 or 25% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under the Additional Coverage in Paragraph (2), for that damaged building, is the lesser of: \$100,000 or 25% times the value of the damaged building as of the time of loss times the applicable coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

The following paragraphs are added to this Additional Coverage part:

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Ordinance or Law Coverage**10) Coverage A – Coverage for Loss to the Undamaged Portion of the Building:**

If a Covered Cause of Loss occurs to covered building property, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:

- a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss.
- b) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- c) Is in force at the time of loss.

Coverage A is included within the Limit of Insurance shown in the Declarations as applicable to the covered building property. Coverage A does not increase the Limit of Insurance.

11) Coverage B – Demolition Cost Coverage:

If a Covered Cause of Loss occurs to covered building property, we will pay the cost to demolish and clear the site of undamaged parts of the property, caused by enforcement of building, zoning or land use or law.

Coverage B is included within the Limit of Insurance shown in paragraph (6) above.

f. Electronic Data is amended to the following:

- 4) The most we will pay under this Additional Coverage – Electronic Data is \$15,000 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

The following Additional Coverages are added:**g. Inventory and Appraisal**

We will pay up to \$10,000 Inventory Costs and \$10,000 Appraisal Costs due to loss or damages as a result of a Covered Cause of Loss to covered property. We will only pay if the costs are incurred and are reasonable and necessary to establish the amount of the loss. Attorneys or public adjusters fees are not covered costs under this section.

h. Accounts Receivable**1) We will pay:**

- a) All amounts due from your customers that you are unable to collect;
- b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
- d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss or damage by a Covered Cause of Loss to your records of accounts receivable.

- 2) We will only pay for covered property while contained inside that part of the building which you occupy at the premises described in the Declarations.

- 3) The most we will pay for loss or damage in any one occurrence is \$100,000.

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i. Fire Protective Equipment

We will pay your costs to:

- 1) recharge or refill fire protective equipment; and
- 2) clean up and remove the fire extinguishing agent, resulting from the discharge of a fire extinguishing agent from fire protective equipment.

The discharge must:

- 1) be caused by a Covered Cause of Loss;
- 2) result from the intended operation of the fire protective equipment to prevent or control a Covered Cause of Loss;
- 3) be accidental; or
- 4) result from a malfunction of the fire protective equipment.

We will not pay for damage:

- 1) if you fail to use reasonable care to maintain the fire protective equipment in proper operating condition; or
- 2) caused by discharge at the time of servicing, refilling or testing of the fire protective equipment.

The most we will pay for loss or damage in any one occurrence is \$5,000.

j. Arson Reward for Conviction

We will pay a reward to anyone who gives legal authorities information that leads to the conviction of anyone who commits arson with respect to any property covered by this policy. We will pay up to 10 percent of the amount of the covered fire loss or \$10,000 in any one occurrence, whichever is less. No matter how many persons provide information or how many persons are convicted of arson, our liability under this coverage will not be increased.

If the Declarations show you have Business Income Coverage, the following Additional Coverage k. Income Support Properties is added:

k. Income Support Properties

~~We will pay for the actual loss of business income you sustain due to direct physical loss or damage at the premises of an "income support property" not described in the Declarations, caused by or resulting from any Covered Cause of Loss. "Income support property" means property operated by others on whom you depend to:~~

- 1) deliver material or services to you, or to others for your account;
- 2) accept your products or services;
- 3) manufacture products for delivery to your customers under contract of sale; or
- 4) attract customers to your business.

~~The most we will pay for this coverage is \$25,000 in any one occurrence.~~

l. Extra Expense

We will pay the actual and necessary "extra expense" you sustain due to direct physical loss of or damage to property, including personal property in the open (or in a vehicle) within 1000 feet of the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss.

The most we will pay for "extra expense" in any one occurrence is \$25,000.

If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

- 1) All routes within the building to gain access to the described premises; and
- 2) Your personal property in the open (or in a vehicle) within 1000 feet.

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"Extra expense" means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

- 1) To avoid or minimize the suspension of business and to continue operations:
 - a) At the described premises; or
 - b) At replacement premises or at temporary locations, including:
 - i) Relocation expenses; and
 - ii) Costs to equip and operate the replacement or temporary locations.
- 2) To minimize the suspension of business if you cannot continue operations; or
- 3) To repair or replace any property; or to research, replace or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable for "extra expense".

"Period of restoration" means the period of time that begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and ends on the earlier of:

- 1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- 2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that regulates the construction, use or repair, or requires the tearing down of any property; or requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

If the Declarations show that you have Business Income and Extra Expense – Actual Loss Sustained Coverage, this Additional Coverage is deleted.

m. Business Income and Extra Expense Actual Loss Sustained Up to 15 Consecutive Months

If the Declarations show that you have Business Income and Extra Expense – Actual Loss Sustained Coverage, the Limits of Insurance is modified as follows:

The coverage period limitation in this form of up to 12 consecutive months after the date of direct physical loss or damage is changed to up to 15 consecutive months after the date of direct physical loss or damage.

n. Employee Dishonesty

- 1) We will pay for direct loss of or damage to business personal property, including money and securities, resulting from dishonest acts committed by any of your "employees" acting alone, or in collusion with other persons (except you or your partner) with the manifest intent to:
 - a) Cause you to sustain loss or damage and also
 - b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - i) Any "employee"; or
 - ii) Any other person or organization.
- 2) We will not pay for loss or damage:
 - a) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons; or
 - b) The only proof of which as to its existence or amount is dependent upon:
 - i) An inventory computation; or
 - ii) A profit and loss computation.

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- 3) The most we will pay for loss or damage in any one occurrence is \$50,000.
- 4) All loss or damage:
 - a) Caused by one or more persons; or
 - b) Involving a single act or series of related acts;
is considered one occurrence.
- 5) If any loss is covered:
 - a) Partly by this insurance; and
 - b) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest:
the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.
- 6) We will pay for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year period to period.
- 7) This Additional Coverage does not apply to any employee immediately upon discovery by:
 - a) You; or
 - b) Any of your partners, officers or directors not in collusion with the employee;
of any dishonest act committed by that employee before or after being hired by you.
- 8) We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.
- 9) The insurance under Paragraph (8) above is part, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:
 - a) This Additional Coverage as of its effective date; or
 - b) The prior insurance had it remained in effect.

Coverage provided under this Additional Coverage is subject to a Deductible equal to the Property Deductible shown in the Declarations.

"Employee" means:

- 1) Any natural person:
 - a) While in your service and for 30 days after termination of service; and
 - b) Whom you compensate directly by salary, wages or commissions; and
 - c) Whom you have the right to direct and control while performing services for you; or
- 2) Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the premises.

But "employee" does not mean any:

- 1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- 2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

o. Money and Securities

- 1) We will pay for loss of "money" and "securities" used in your business:
 - a) While at a bank or savings institution;
 - b) Within your living quarters or the living quarters of your partners or any employee having use and custody of the property;

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- c) At the described premises; or
- d) In transit between any of these places, resulting from:
 - i) Theft;
 - ii) Disappearance; or
 - iii) Destruction.
- 2) We will not pay for loss:
 - a) Resulting from accounting or arithmetical errors or omissions;
 - b) Resulting from any dishonest or criminal act committed by any of your employees, directors, trustees or authorized representatives:
 - i) Acting alone or in collusion with other persons; or
 - ii) While performing services for you or otherwise;
 - c) Due to the giving or surrendering of property in any exchange or purchase;
 - d) Of property contained in any money-operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device; or
 - e) Forgery or alteration of checks.
- 3) The most we will pay for loss in any occurrence is:
 - a) \$25,000 inside the premises for "money" and "securities" in or on the described premises; or within a bank or savings institution.
 - b) \$10,000 outside the premises for "money" and "securities" while anywhere else.

All loss caused by one or more persons and involving a single act or a series of related acts is considered one occurrence.
- 4) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

"Money" means: currency, coins and bank notes in current use and having a face value; and travelers checks, register checks and money orders held for sale to the public.

"Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes: tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

Coverage provided under this Additional Coverage is subject to a Deductible equal to the Property Deductible shown in the Declarations.

p. Money Orders and Counterfeit Money

We will pay for your loss when you accept in good faith:

- 1) Any money order in exchange for goods or services if the money order is not paid when presented to the issuer; or
- 2) Counterfeit U.S. or Canadian paper money in the regular course of business. C00174

The most we will pay under this additional coverage is \$2,500 in any one occurrence.

q. Brands and Labels

If branded or labeled merchandise that is your covered property is damaged by a Covered Cause of Loss, and we take all or any part of the damaged property at an agreed appraised value, we will pay your reasonable expenses incurred up to \$15,000 to:

- 1) Stamp "salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or

- 2) Remove the brands or labels, if doing so will not physically damage the merchandise or its containers, and relabel the merchandise or its containers to comply with the law.

r. Utility Services – Direct Damage

We will pay for loss of or damage to covered property caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage, by a Covered Cause of Loss, to the following property not on the described premises:

- 1) The following types of property supplying water to the described premises: water mains and pumping stations;
- 2) Property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:
 - a) Communication transmission lines, including fiber transmission lines;
 - b) Coaxial cables; and
 - c) Microwave radio relays except satellites;
 - d) Overhead transmission lines are included.
- 3) The following types of property supplying electricity, steam or gas to the described premises:
 - a) Utility generating plants;
 - b) Switching stations;
 - c) Substations;
 - d) Transformers; and
 - e) Transmission lines, including overhead transmission lines.

The most we will pay for loss under Utility Services – Direct Damage in any one occurrence is \$25,000.

Coverage provided under this Additional Coverage is subject to a Deductible equal to the Property Deductible shown in the Declarations.

s. Utility Services – Business Income and Extra Expense

If the Declarations show that you have Business Income and/or Extra Expense Coverage, you may extend such coverage to apply to the actual loss of business income and/or extra expense you sustain at the described premises caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to property not on the described premises, which provides the following services:

- 1) The following types of property supplying water to the described premises: water mains and pumping stations;
- 2) Property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:
 - a) Communication transmission lines, including fiber transmission lines;
 - b) Coaxial cables; and
 - c) Microwave radio relays except satellites;
 - d) Overhead transmission lines are included.
- 3) The following types of property supplying electricity, steam or gas to the described premises:
 - a) Utility generating plants;
 - b) Switching stations;
 - c) Substations;
 - d) Transformers; and
 - e) Transmission lines, including overhead transmission lines.

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